

City of Mesa

FY 2010/11 Budget Estimate

FY 2011/12 Forecast

March 31, 2011

Presented by the Budget & Research Office



Changes Since the Last Forecast

- 2010 Census data has been received.
 - State Shared Revenues have been recalculated, resulting in an increased revenue projection for FY 11/12.
- Three additional months of revenue data have been received.
 - Both local and State revenue trends have been evaluated and found to be strengthening, resulting in an increased revenue estimate for FY 10/11 that carries into FY 11/12.

2010 Census Impact on State Shared Revenues

Mesa population estimate:

Benchmarked to 2005 census	448,096
Benchmarked to 2010 census	439,041

	Estimated Impact	Revised Impact	Difference
State Shared Sales Tax	\$ (1,950,000)	\$ (1,709,000)	\$ 241,000
Urban Revenue Sharing	\$ (2,249,000)	\$ (1,988,000)	\$ 261,000
Vehicle License Tax	\$ (835,000)	\$ (735,000)	\$ 100,000
	<u>\$ (5,034,000)</u>	<u>\$ (4,432,000)</u>	<u>\$ 602,000</u>

Note: Budget Office estimated impacts based on original revenue estimates.

Revenue Review – FY 10/11

- City total sales tax is down \$5.7M through January sales from budgeted amount.
- General Fund portion of the city sales tax is down \$5.0M so far this year from the budgeted amount.
- While City sales tax receipts continue to be below the adopted budget, the anticipated variance appears to be improving.

Revenue Review - FY 10/11 continued

- City Sales Tax – FY 10/11
 - The year-end estimate was 6.4% below the annual budget, \$6.8M.
 - The revised year-end estimate is 5.7% below the annual budget, \$6.0M.
- State Sales Tax and Vehicle License Tax strengthened over the last few months.

Revenue Review - FY10/11 Continued

- Municipal Court revenues
 - Original estimate included a partial return of activity.
 - Activity appears to be more rapidly returning to previous experience levels.

FY 10/11 General Fund Revenue

	FY 10/11 Budget	FY 10/11 Mar. 2011 Estimate	FY 10/11 Budget vs. Estimated
City Sales Tax	\$ 105,518,000	\$ 99,522,000	\$ (5,996,000)
State Sales Tax	\$ 33,617,000	\$ 33,118,000	\$ (499,000)
Vehicle License Tax	\$ 17,153,000	\$ 14,399,000	\$ (2,754,000)
Licenses & Permits	\$ 8,188,000	\$ 8,929,000	\$ 741,000
Charges for Service	\$ 11,475,000	\$ 11,337,000	\$ (138,000)
Fines & Forfeitures	\$ 11,256,000	\$ 13,652,000	\$ 2,396,000
Urban Revenue Sharing	\$ 43,608,000	\$ 43,608,000	\$ -
Miscellaneous Revenues	\$ 6,527,000	\$ 7,456,000	\$ 929,000
	<u>\$ 237,342,000</u>	<u>\$ 232,021,000</u>	<u>\$ (5,321,000)</u>

(Excludes grants and land sales.)

FY 11/12 General Fund Revenue

	FY 10/11 Mar. 2011 Estimate	FY 11/12* Mar. 2011 Projection	FY 10/11 Estimated vs. FY 11/12 Projected
City Sales Tax	\$ 99,522,000	\$ 102,896,000	\$ 3,374,000
State Sales Tax	\$ 33,118,000	\$ 33,321,000	\$ 203,000
Vehicle License Tax	\$ 14,399,000	\$ 14,184,000	\$ (215,000)
Licenses & Permits	\$ 8,929,000	\$ 9,143,000	\$ 214,000
Charges for Service	\$ 11,337,000	\$ 11,116,000	\$ (221,000)
Fines & Forfeitures	\$ 13,652,000	\$ 13,652,000	\$ -
Urban Revenue Sharing	\$ 43,608,000	\$ 37,057,000	\$ (6,551,000)
Miscellaneous Revenues	\$ 7,456,000	\$ 6,854,000	\$ (602,000)
	<u>\$ 232,021,000</u>	<u>\$ 228,223,000</u>	<u>\$ (3,798,000)</u>

*Includes adjustment for official census results

(Excludes grants and land sales.)

Two Year General Fund Revenue Shortfall

	(in millions)
Shortfall in 10/11 revised revenues	\$ (5.3)
Continued Shortfall in 11/12 revenues	\$ (5.3)
Additional shortfall in 11/12 forecasted revenues	\$ (3.8)
Shortfall in 11/12 generated fund revenues	<u>\$ (9.1)</u>
Total two-year shortfall in general fund revenues	\$ (14.4)

General Fund Expenditure Pressures

	FY 10/11	FY 11/12	FY 12/13
Arizona State Retirement		\$ 676,319	\$ 379,000
Public Safety Retirement		\$ 1,958,000	\$ 2,000,000
Employee Benefit Trust	\$ 2,400,000	\$ 8,886,526	\$ 2,400,000
Worker's Compensation		\$ 1,228,622	\$ 1,514,000
Mass Transit			
Fixed Route		\$ 764,000	
Ride Choice		\$ 264,000	
Other Impacts		\$ 700,000	
Vehicle Replacement		\$ 1,556,000	
Elections			\$ 415,000
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	\$ 2,400,000	\$ 16,033,467	\$ 6,708,000

As presented in February forecast.

Two-Year General Fund Budget Shortfall

(in millions)

	Revenues	Expenditures	Total
FY 10/11	\$ (5.3)	\$ 2.4	\$ (7.7)
FY 11/12	\$ (9.1)	\$ 16.0	\$ (25.1)
	<hr/> \$ (14.4)	<hr/> \$ 18.4	<hr/> \$ (32.8)

Two-Year Net Budget Shortfall General Fund

(in millions)

Revised Two-Year Budget Shortfall	\$ (32.8)
09/10 Savings and Fund Balance	\$ 25.4
Revised Net Two-Year Budget Shortfall	<hr/> \$ (7.4)

State Shared Revenues Still at Risk

- Highway User Revenue Fund (HURF) diversion included in Governor's budget.
- Impact Fees
 - Contributions toward debt service.

Community Development Block Grant (CDBG) at Risk

- FY 10/11- House proposal to eliminate 62% of funding .
- FY 11/12 - President proposal to eliminate 7.5% of funding. House Republican Study Committee recommending elimination.
- Preliminary budget assumes continuing current level of funding, but the City is working on contingency plans.

Other Outstanding Issues

- Health care costs will continue to be monitored. An overview is scheduled to be presented in April.
- Fuel prices will continue to be monitored. A fuel reserve will be identified to address possible needed adjustments.
- The City will evaluate future restoration of employee compensation.

Department Budget Presentations

- Each study session scheduled during the month of April will include presentations from the departments.
- April 28th will include a summary of recommended budget reductions and status of the budget shortfall.

Scheduled Budget Presentations

City Council Study Sessions

Monday	April	4	Police Municipal Court
Thursday	April	7	Library Parks, Recreation and Commercial Facilities Arts and Culture
Thursday	April	14	Falcon Field Fire Transit
Monday	April	18	Transportation Development and Sustainability/Environmental Fee
Thursday	April	21	Solid Waste Energy Resources Water Resources
Thursday	April	28	TPT Fee/Benefits/CIP Budget Summary



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